



PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	14 NOVEMBER 2019
REPORT OF THE:	SECTION 151 OFFICER ANTON HODGE
TITLE OF REPORT:	LOCALISATION OF COUNCIL TAX SUPPORT 2020/2021 SCHEME
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 This reports seeks approval of the final scheme for 2020/2021 following consultation with both the major preceptors and public.

2.0 RECOMMENDATIONS

- 2.1 That members recommend to Council
- (i) a Local Council Tax Support Scheme for 2020/21 which simplifies the existing Council Tax Support Scheme with the following changes:-
 - (a) Increase Maximum Eligible Council Tax of support from 91.5% to 100%;
 - (b) Introduce an income 'grid' scheme for all working age applicants replacing the current means tested approach;
 - (c) Simplify the claiming process for all applicants who receive Universal Credit
 - (d) Reduce the capital limit to £6,000;
 - (e) Remove non-dependent deductions;
 - (f) Limit the number of dependent children used in the calculation to two;
 - (g) Remove the current earnings disregards and replace with standard disregards;
 - (h) Disregard £25 of Carers Allowance;
 - (i) Remove Registered Child Minders who are self-employed from the Minimum Income Floor;
 - (j) Make all changes of circumstances apply on a daily basis and
 - (ii) to authorise the Section 151 Officer in consultation with the Chairman of Policy and Resources Committee to undertake the necessary consultation work to design a scheme for 2021/22, in light of the experience in 2020/21, to be presented to Policy and Resources Committee in November 2020.

3.0 REASON FOR RECOMMENDATIONS

- 3.1 The Council must approve a scheme for 2020/21.
- 3.2 The simplified scheme is easier to understand for both citizens and staff and easier for staff to administer.
- 3.3 The most vulnerable are supported more with the increase in maximum liability to 100%.
- 3.4 Implementation of the scheme will save the authority money through the reduction in administration costs due to reduced number of changes, reducing the number of Council Tax demand notices produced.

4.0 SIGNIFICANT RISKS

- 4.1 There are no significant risks in approving the scheme as recommended. The council has ensured that the new scheme is fully compliant with the requirements and that the consultation has been properly undertaken.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 The Council will need to approve a Local Scheme for Council Tax Support (CTS).

6.0 REPORT DETAILS

- 6.1 The current Council Tax Support Scheme (CTS) is a means-tested reduction to help residents on low incomes to pay their Council Tax bill.
- 6.2 The current scheme provides that all working age customers have a maximum award of 91.5% of their Council Tax liability, which means that every working age household is required to pay at least 8.5% of their Council Tax bill.
- 6.3 The scheme affects all precepting authorities (District Councils, County Councils, Fire Authorities, Police Authorities and Parish Councils) through the Council Tax Base (CTB) which is reduced by the cost of the scheme.
- 6.4 The following table sets out the estimated claimant breakdown for 2019/20:

Claimant Type	Number	Annual Cost	% total spend
1. Pensionable	1570	£1754k	56%
2. Passported	425	£473k	15%
3. Single	378	£324k	10%
4. Couple	79	£81k	3%
5. Family + 1	260	£198k	6%
6. Family + 2	372	£310k	10%
	3084	£3140k	

- 6.5 The Council must now consider a scheme for 2020/21. In order to inform this process a consultation has taken place on the preferred maximum liability for Council Tax and options for changing the scheme to provide a more simplified scheme. Public Consultation took place between 27 August 2019 and 6 October 2019 via the Council's website. Thirty two responses were received to the questionnaire – Appendix A.
- 6.6 Significant work across the District Council has been undertaken on this project:
- The scheme production has been undertaken jointly with consultancy support.
 - Detailed Equalities impact assessment has been undertaken jointly with consultancy support. The EIA identified no impact on Climate Change – Appendix B.
 - Major Preceptor Consultation has been undertaken jointly.
 - Detailed discussions with Software supplier, Northgate, have taken place with all district LA's currently using the same software
- 6.7 The Council has undertaken public consultation contacting key stakeholders as well as the general public through the Council's website. The results of the consultation are attached at Appendix A. The key messages of that consultation are:
- Of the 32 responses 27 were in favour of changing from the current scheme;
 - There was majority support for the introduction of a Income Grid Scheme;
 - There was majority support for changing the claiming process for those claiming Universal Credit;
 - There was a majority support for the reduction of the capital limit to £6000. Of those who disagreed they felt that limit should be higher to reward those who were able to save.
 - Of those who disagreed to the restriction to the 2 child limit some felt this was too low and could potentially lead to child poverty.
 - Of those who disagreed to removing the Non-Dependent deduction some felt that all non-dependents should contribute if they are in full time work.
 - There are a number of open ended 'comments' questions and the responses are available should members want to view them.
- 6.8 Work on the proposed Council Tax Support Scheme for 2020/21 has included a detailed modelling analysis of the cost implications based on the current caseload.
- 6.9 Costings associated with the proposed 2020/21 Council Tax Support Scheme would see an increase of approximately £50k. This figure would be shared across the major preceptors through the collection fund with RDC's share being £5k. The costings associated with the new scheme are changeable depending on the caseload at the start of the/throughout the financial year.
- 6.10 Monitoring of council tax arrears indicates that those most vulnerable are unable to meet their proportion of the council tax liability, currently set at a minimum of 8.5%, leading to more unpaid council tax. The aim of the proposed scheme is to remove the minimum liability, which would mean those on the lowest income would get maximum support which would in turn lead to reducing outstanding council tax arrears and reducing the potential writing off of debts. On average, the council wrote off £86,264 in Council Tax in the last financial year, the majority of which is covered by North Yorkshire County Council.

- 6.11 There is currently £75,066 of Council Tax still outstanding from 2018 from uncollected CTS claims. Last year the council collected 86.16% of Local Council Tax Support, it is hoped that increasing the maximum liability would assist in significantly increasing the collection rate.
- 6.12 Ryedale District Council – Proposed Council Tax Support Scheme - Income Banded Scheme 2020/2021

Council Tax Reduction Level	Passported	Single £	Couples £	Family with one Child £	Family with two or more Children £
Band A – 100%	Relevant Benefit	0.00 to 110.00	0.00 to 160.00	0.00 to 210.00	0.00 to 260.00
Band B – 75%	N/A	110.01 to 150.00	160.01 to 200.00	210.01 to 250.00	260.01 to 300.00
Band C – 50%	N/A	150.01 to 200.00	200.01 to 250.00	250.01 to 290.00	300.01 to 340.00
Band D – 25%	N/A	200.01 to 250.00	250.01 to 300.00	290.01 to 340.00	340.01 to 380.00

- 6.13 The proposed scheme would deliver a number of benefits to the residents of the District.
- (a) It will provide a simpler scheme which can be easily understood by all applicants;
 - (b) It will support the most vulnerable within the district;
 - (c) It will save significant increases in administration costs due the introduction of Universal credit;
 - (d) It will prevent applicants receiving multiple Council Tax demands during the year and prevents multiple changes to monthly instalments
 - (e) It will reduce Council Tax arrears
 - (f) The most vulnerable aren't affected
 - (g) Following implementation the council will save money
- 6.14 For 2020/21, year 8, there is again a mixed picture of approaches from Local Authorities. Proposed 2020-21 schemes within the North Yorkshire Districts are as follows:

	2020/21	2019/20
Craven	10%	10%
Hambleton	Banded scheme 90%	20%
Harrogate	0%	0%
Richmondshire	15%	15%
Ryedale	Banded scheme 100%	8.5%
Scarborough	12.5%	12.5%
Selby	Banded scheme 100%	10%
York	12.5%	12.5%

- 6.15 Those with the greater cuts have generally seen the greatest impact on collection rates and increased administrative costs, as well as the impact on claimants. The billing

authority (RDC) alone bears these increased administrative costs, we estimate the current cost to be in the region of £6.5k per year.

- 6.16 Twenty nine Local Authorities nationally introduced an Income Banded Council Tax Support Scheme with effect from April 2019. It is expected that this number will increase to over 100 Local Authorities with effect from April 2020.
- 6.17 The scheme for Pension Age Applicants is set by Government.
- 6.18 Proposals within this report set the scheme for 2020/21 only. Authorities are permitted to revise their scheme no more frequently than annually. A scheme for 2021/2022 will be considered during next year.

7.0 IMPLICATIONS

- 7.1 The following implications have been identified:

- a) Financial

Any risk around the cost of the scheme is shared proportionally between the major preceptors through the collection fund. If the scheme costs more than predicted the collection fund may be into deficit and this would need resolving in the 2021/2022 budget.

As at 6.10 & 6.11 of this report it is expected that the value of 'write offs' will reduce.

As at 6.15 of this report it is estimated that the authority will save £6.5k in administration costs.

- b) Legal

The scheme is a detailed legal document of the Council which will only require minor amendment as a result of changes to legislation. The amendments over which the Council has discretion are included in the report.

- c) Other

There are significant equality issues around the protection of vulnerable which have been taken into account as part of the scheme design. The most vulnerable will be protected. A full Equality Impact Assessment has been completed – Appendix B.

There are no direct Climate Change implications associated with this report. Climate Change issues will be considered in the development work which is to be progressed in the period ahead.

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Background Papers:

[Ryedale District Council Council Tax Reduction Scheme - S13A and Schedule 1a of the Local Government Finance Act 1992](https://democracy.ryedale.gov.uk/documents/s42808/Council%20Tax%20Reduction%20Scheme%20201920.pdf)

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